1:Stanford U. S-4, 5 1956 AF15 East China
AF15

Annex "A," Subparagraph 1q,
Sociological Background

PUBLIC WELFARE

I. INTRODUCTION

659
746 Under the Nationalist Government during the war years (1937-1945), the first and foremost agency in the work of public welfare was the National Relief Commission. It was the pivot upon which China's machinery of relief and rehabilitation depended. Through its various efforts from 1938 to 1944, some 30 million war and famine refugees were benefited.[1] In addition to immediate war and disaster relief, it operated clinics, occupational relief works, and organizations for the training and care of children. A number of private and semi-private welfare and relief agencies were also active, most of them founded to meet war-time needs.[2] For women and children, there were the National Association for Refugee Children, the National Child Welfare Association of China, and the Women's Advisory Council. For servicemen, there were the Friends of the Wounded Society and the YMCA Emergency Service to Soldiers. And for general war work there were the China Wartime Relief Association and the National Chinese Women's

1. China Handbook 1937-1945 compiled by Chinese Ministry of Information, New York, MacMillan, 1947, pp. 521-37.
2. Ibid.

659
746

1:Stanford U. S-4,5 1956 AF15 East China AF15

RELIEF AND WELFARE ORGANIZATIONS IN EAST CHINA

June 1947

Province	Relief Organizations	Farmers' Welfare Societies	Child Welfare Units	Social Service Offices	Employment Agencies	
					Independent	Auxiliary
Kiangsu	12		21	7	1	
Chekiang	202	30	136	168	21	20
Anhwei	54	20	37	18	2	
Shantung	1		1	2	1	1
Fukien	218	41	130	337	31	
Nanking	15		10	1	1	1
Shanghai	95		107	1	2	1
Tsingtao	97	1	33			
Total	694	92	475	534	59	23

651 during these years should not be interpreted to mean a constant tax burden imposed on these sectors of the Chinese economy. In absolute terms, their contributions have continually increased in order to meet the ever-expanding expenditure of the government.

On the whole, the fiscal policy of the Communist government has been more unfavorabl to industry and trade than to agriculture. During the five-year period under consideration, private enterprise in industry and trade not only has had to bear a great burden of the increasing expenditure of the government, but also has been forced to accept stiff competition from government enterprises, which, according to the Communist policy, will ultimately monopolize all the important trade and industries in the country.

652 659 On the expenditure side, military outlay constituted 41.5 per cent of total government expenditure in 1950 and 1951, respectively. After 1952, becuase of the truce in Korea, the relative importance of the military outlay has been substantially reduced. In 1954, it was only 21.1 per cent of the year's total expenditure. The outlay for economic construction has become the leading item on the debit side of the government account.

In making these comparisons, several qualifications should be noted. First, the military expenditures as listed in the records of the Communist government do not include salaries and maintenance of military personnel, which are classified as government administrative expenses. Military outlays listed in the

budgets of the Nationalist Government, on the other hand, consisted mainly of such salary and maintenance payments. If the definition of military expenditure were broadened to include such outlays, and if one half of the administrative expenses listed in the Communist budget were for the payment of military personnel and military administration as the estimates suggest, then the military expenditures of the Communist government for the years 1950-52 would have been as tabulated here.

Year	Ratio of Military Expenditure to Total Gov't Expenditure (in per cent)
1950	51.11
1951	49.83
1952	32.15
1953	29.45 (budget estimate)
1954	30.06
1955	32.98 (budget estimate)

In the fiscal report for 1953 the military and government administration expenditures were lumped together under one item. It is rather difficult to separate the military from the non-military outlays on the basis mentioned above. For this reason, the budgetary estimates, where these outlays were separately listed, were used in this tabulation.

652 659 A second point which should be noted concerning the military expenditure for economic construction might well be considered military rather than economic. In the budget of the Nationalist Government, for example, outlays for developing aircraft-manufacturing industries, ammunition industries, and so forth are usually classified as military expenses, whereas they would probably be considered as economic outlay in the Communists' report.

652 A third point to be noted is that, if the depreciation charges and outlays for maintenance and replacement in government enterprises were excluded from government receipt and expenditure, as should normally be the case, the relative importance of military expenditure for the years under consideration would have been much greater than those shown in the fiscal reports.

Even allowing for these adjustments, the fact that government outlays for economic, social, and educational purposes has been substantially increased under the Communist regime is obvious when compared with the conditions under the Nationalist Government. Whether these expenditures have actually been a contribution to improving the economic and social welfare of the people is, of course, another question entirely.

totals at any one period, interpretation of the census figures must also consider the large-scale fluctuations in the city's population due to its role as a haven of security for Chinese (and, during the 1930's, foreign) refugees during periods of political unrest, and its subsequent loss of most of this floating population when order has been restored. The city has also contained at every period a large but unmeasured population of homeless Chinese and of Chinese families living in boats moored on the numerous creeks which dissect the city.

An accurate census of the foreign residents in the foreign settlements was not taken until 1870, when the Chinese population within and without the settlements was estimated in addition. This method of obtaining accurate figures for the foreigners and rough estimates for the Chinese continued until 1928, when the Shanghai Municipal Council began a yearly census for the entire city, using the machinery and figures of the Chinese government of the Municipality of Greater Shanghai for a count of the Chinese population outside the Settlements, with the understanding that these figures were only one step from rough estimates toward accurate counts. Since the foreign total for the whole city never exceeded 60,000, it is apparent that the grand totals for each period are guesswork.

One further factor has made population totals inaccurate: political limits of the foreign settlements have never coincided with conurbation limits. From 1870 to 1928, when the Municipality of Greater Shanghai was organized, Chinese residents of the conurbation outside the Settlements had constituted from one-half to two-thirds of the total population of the city, while after 1928 the new Municipality included much larger areas of farm land than of built-up area. Existing population figures for Shanghai, and the compilation made in graph 1 probably err on the conservative side.

Until 1895 Shanghai remained almost exclusively a trading city, with a consequent population which never exceeded half a million. The peak shown in graph 1 for the years 1860 to 1865 represents the influx of refugees from civil disorder attendant on the Taiping Rebellion. While the population doubled between 1843 and 1895 as a result of foreign-organized trade, this growth was slight compared with the increase which followed on the development of modern

2: Murphy G-4 (no date) 1953 AF15 East China AF15

These faults are apart from the inherent difficulties of the problem. Until 1945 no one municipal authority had jurisdiction over the entire city, and it was impossible for any one survey to collect complete data, especially on matters such as wages, costs, and capital investment. A much greater difficulty was presented by the fact that something like 80 per cent of the manufacturing establishments in Shanghai employed fewer than 30 workers (and were therefore not liable to regulation or inspection under the National Factory Act of 1929) and operated in private houses. What statistics are used here must be read with the foregoing in mind, realizing that they are in nearly all cases approximations of limited reliability.[1]

While perhaps four-fifths of the total number of "factories" in Shanghai employed fewer than 30 workers, probably about two-thirds of the total industrial workers in the city were employed in factories with a labor force of over 30, and perhaps three-quarters of the total industrial production, by value, of the entire city was accounted for by these larger factories.[2] Most of the figures which will be cited here are based on investigations of these larger factories, and while they are to that extent incomplete, they do at least deal with the most important segment of Shanghai manufacturing in terms of labor force and of value of production.

The Pattern of Manufacturing

Estimates of the degree to which China's industry was concentrated in Shanghai before 1937 differ, but it is clear that Shanghai accounted for about half of the country's large-scale Western-type industrial production. Liu's figures[3] show in 1932–33 136 modern cotton mills in China, of which 64 were in Shanghai, 60 modern tobacco factories, of which 46 were in Shanghai, 83 modern flour mills, of which 41 were in Shanghai, and 2435 modern factories of all kinds in China, of which 1200 were in Shanghai. He estimated that 43 per cent of China's industrial workers in modern manufacturing were employed in Shanghai, and that the city accounted for 51 per cent of the value of China's industrial production.*

* Liu does not define "modern." According to his analysis of "modern" factories elsewhere in his work, the term means factories employing 30 or more persons and using power-driven machinery. However, on this basis his figure of 2435 "modern" factories for the whole of China in 1932–33 would seem too low.